

Retiree Earnings Limits to Rise

Railroad retirement annuitants who work after retirement can earn more in 1998 without having their benefits reduced, as a result of increases in earnings limits indexed to average national wage increases.

Railroad retirement annuities generally consist of tier I and tier II benefits and may include certain vested dual benefit payments and/or a supplemental benefit. Like social security benefits, railroad retirement tier I benefits and vested dual benefits paid to employees and spouses, and tier I, tier II and vested dual benefits paid to survivors, are subject to earnings deductions if post-retirement earnings exceed certain exempt amounts.

For those under age 65, the exempt earnings amount rises to \$9,120 in 1998 from \$8,640 in 1997. For beneficiaries ages 65 through 69, the exempt earnings amount rises to \$14,500 in 1998 from \$13,500 in 1997. These earnings limitations do not apply to any annuitants age 70 or older, starting with the month in which they are 70.

For those under age 65, the earnings deduction is \$1 in benefits for every \$2 of earnings over the exempt amount. For those ages 65-69, the deduction is \$1 for every \$3 of earnings over the exempt amount.

Earnings consist for this purpose of all wages received for services rendered, plus any net earnings from self-employment. Interest, dividends, certain rental income or income from stocks, bonds, or other investments are not considered earnings for this purpose.

Retired employees and spouses, regardless of age, who work for their last pre-retirement nonrailroad employer are also subject to an earnings deduction, in their tier II and supplemental benefits, of \$1 for every \$2 in earnings up to a maximum reduction of 50 percent. This earnings restriction does not change from year to year and does not allow for an exempt amount.

A spouse benefit is subject to reductions not only for the spouse's earnings, but also for the earnings of the employee, regardless of whether the earnings are from service for the last pre-retirement nonrailroad employer or other post-retirement employment.

(More)

Special work restrictions applicable to disability annuitants also do not change in 1998.

Regardless of age and/or earnings, no railroad retirement annuity is payable for any month in which an annuitant (retired employee, spouse or survivor) works for a railroad employer or railroad union.

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